



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-0801/P1
EHS:klm

DOA:.....Sherwin, BB0247 - Securitization of retiring power plants

FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

PUBLIC UTILITY REGULATION

Securitization of retiring power plants

Under current law, an energy utility is allowed to apply to the Public Service Commission for an order allowing the utility to finance the costs of the following activities by issuing bonds: 1) the construction, installation, or otherwise putting into place of environmental control equipment in connection with a plant that, before March 30, 2004, has been used to provide service to customers; and 2) the retiring of any existing plant, facility, or other property to reduce, control, or eliminate environmental pollution in accordance with federal or state law. Current law defines these activities as “environmental control activities.” If approved by the PSC, the bonds, which are referred to as “environmental trust bonds,” are secured by revenues arising from charges paid by an energy utility’s customers for the utility to recover the cost of the activities, as well as the cost of financing the bonds.

This bill adds the retiring of any existing electric generating facility fueled by nonrenewable combustible energy resources as an environmental control activity, the costs of which may be financed by an environmental trust bond.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 196.027 (1) (d) 3. of the statutes is created to read:

196.027 (1) (d) 3. The retiring of any existing electric generating facility fueled by nonrenewable combustible energy resources.

SECTION 2. 196.027 (1) (f) of the statutes is amended to read:

196.027 (1) (f) “Environmental control cost” means capital cost, including capitalized cost relating to regulatory assets, incurred or expected to be incurred by an energy utility in undertaking an environmental control activity and, with respect to an environmental control activity described in par. (d) 2. or 3., includes the unrecovered value of property that is retired, including any demolition or similar cost that exceeds the salvage value of the property. “Environmental control cost” does not include any monetary penalty, fine, or forfeiture assessed against an energy utility by a government agency or court under a federal or state environmental statute, rule, or regulation.

(END)